

73-3327

25 June 1973

MEMORANDUM FOR THE RE CORD

SUBJECT: Conversation with Dr. Aloert Hall, DOD on
21 June 1973

1. Mr. Hall brought over an analysis of four years ahead in terms of the increased costs of personnel and the pressures these will put on the overall budget. He spoke of the GDIP and the CCP primarily. The major problem is presented by the already approved costs of technical activities we face plus some additional activities now under consideration. Mr. Hall's analysis was that perhaps some increase in the budgets could be obtained but that a very clear decision will have to be taken in two directions:

- a. Reduction of personnel.
- b. Review of possible technical savings.

He stressed the desirability of approaching the personnel issue on a multi-year basis since this is such a hard problem to affect in a single fiscal year.

2. I pointed out that my own analysis was almost exactly the same as his, based on the Agency budget and a general awareness of the remaining programs. I said that Mr. Clarke is working up some charts on this subject for all of the programs. I stressed that his analysis could be conclusive if only the national intelligence programs were included. However, I said that it is possible that an expansion of the total to include expenditures for tactical intelligence might expand the basis on which priorities are set and bring about a different conclusion than his more limited analysis. I stressed that the President's letter had directed that the Director get into this subject and that I would like very much to do so. I said I would look primarily to Mr. Hall on this subject however and try to participate with him in reviews of this subject rather than doing a totally separate and redundant effort. We noted that this would

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obviously be a difficult area in view of the ambiguity of definition of the term "tactical intelligence" and the ability to categorize expenditures as operational or intelligence with considerable flexibility. I said however that it seemed to me that it is an area which needs a great deal of attention at this time.

3. I also stressed that the frame of reference could be expanded to include the total defense budget. If intelligence can do a reliable enough job, then expenditures could be reduced on direct security assets on the assurance that they would not be needed during the period contemplated and that warning would be obtained sufficiently far in advance to allow their procurement prior to a crisis situation. I said this is pretty theoretical and depends upon the degree of reliability we can show for intelligence but that it is a major theme I propose to press on the Intelligence Community. I pointed out that previous post-war periods had been marked by a turn of the American Government away from intelligence almost entirely (World War I - Secretary Stimson's "gentlemen do not read each other's mail" and World War II - OSS disestablished) and that what we are possibly facing is a contention that the "end of the cold war" brought about by the present Soviet detente should result in an equal reduction of attention to intelligence. It is only through the positive production of intelligence that the profession can justify its expenditures in the years ahead.

4. We agreed that some studies are now going on which might identify some savings to apply to the above thesis. One was the

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[redacted] Mr. Hall suggested that [redacted] also be looked at, particularly with respect to the scope of the apparatus contemplated for dissemination and interpretation of its results. He had the impression that NPIC might be able to do somewhat more than is presently contemplated on this matter. I said my initial reaction was that the development of [redacted] should certainly be maintained so that we can obtain a weapons system for intelligence beyond R&D but that we might look at the operational plan to see whether it could be stretched somewhat.

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